

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1641259-000

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NF 192B-50

Continuation of FD-302 of [REDACTED]

, On 5/27/86

, Page 3

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[REDACTED] stated that there was only one other significant gratuity he had received from a vendor. He advised that sometime during the 1985 Christmas season, [REDACTED] for CHEMCO, brought him a \$50 gift certificate at his house.

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[REDACTED] stated the \$50 gift certificate was good at any store at the New Market North Shopping Center, Hampton, Virginia.

[REDACTED] stated that CHEMCO at the time had a sole-source weed killer contract, but he advised he could not remember the amount of the contract. He advised that the contract comes up for renewal each February, and he stated that the desired vendor or sole source usually is given to the Purchasing Department by someone within the Operations area at NNS so that the purchasing agent or buyer has absolutely no influence as to which vendor the contract is placed with. [REDACTED] stated he had no idea whether [REDACTED] knew that he did not have any influence over the contract and was not certain whether [REDACTED] gave him the \$50 in an attempt to influence him in awarding the weed killer renewal contract to CHEMCO. [REDACTED] further stated that he could not recall if CHEMCO did, in fact, receive the weed killer contract when it was renewed in February, 1986.

The following descriptive information was obtained through observation and interview:

Name
Race
Sex
Date of Birth
Place of Birth
Social Security
Number
Education

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NF 192B-50

Continuation of FD-302 of _____, On 5/27/86, Page 2

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_____ stated that sometime in the Spring of 1985, _____ gave him \$50 and told him he appreciated his work. _____ advised that the \$50 given to him by _____ was unsolicited, and _____ had never asked anything in return for the money given to him.

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_____ further advised that sometime during the summer of 1985, he took his car to DENBEIGH TOYOTA to be repaired, and that _____ told him to have the repairs charged to his _____ account. He advised that _____ told him to see _____ and he further stated _____ told him the bill would be taken care of. _____ advised he could not remember the exact cost of the repairs to his automobile, but he stated he had not paid for the repairs and assumed it had been paid for by _____.

_____ also stated that _____ of ACCURTON TOOL AND INSTRUMENT COMPANY had given him two \$25 gift certificates to the Steak and Ale restaurant in Hampton, Virginia, as a result of being requested to do so by _____. _____ advised he could not remember the exact time but stated he was sitting at _____ desk one day when _____ was talking to _____ on the telephone. _____ stated that _____ told _____ to give him _____ the gift certificates to the Steak and Ale restaurant, and he advised that _____ subsequently gave him two \$25 gift certificates to the restaurant. _____ stated in the past he has placed a few small repair orders with ACCURTON TOOL AND INSTRUMENT COMPANY and did not really know why _____ had given him the restaurant gift certificates other than the fact that _____ told _____ to do so.

_____ stated he has not used one of the gift certificates but advised he gave the other to _____, an engineer employed at NNS. He stated he gave the gift certificate to _____ approximately three to four months ago as a wedding present, but he advised _____ has no knowledge as to how he received the gift certificate.

_____ also advised that _____ of PENINSULA WELDING SUPPLY took him and three other NNS employees on a fishing trip during the summer of 1985.

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Date of transcription 7/15/86

[redacted] was advised of the identity of the interviewing Agent and of the fact that the interview concerned allegations that buyers at NEWPORT NEWS SHIPBUILDING AND DRY DOCK COMPANY (NNS) were extorting "kickbacks" from vendors on purchase orders placed with the vendors. Also present during the interview was Special Agent (SA) [redacted] of the Virginia State Police (VSP).

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[redacted] advised he began work at NNS in 1982 and [redacted] He stated he was thereafter designated a [redacted]

[redacted] advised he had worked in the area of welding purchases and repair items within the NNS Purchasing Department. He stated he had never solicited a kickback on any order he had placed with a vendor and further stated he had no direct knowledge of any other buyer receiving a kickback or gratuity from a vendor. He stated that he had heard rumors that [redacted] was accepting kickbacks when he worked on the construction desk in the Purchasing Department, but he advised he could furnish specific information which would verify whether [redacted] was receiving kickbacks from vendors.

[redacted] further advised that no vendor had ever made a solicitation or an offer to him of a gratuity or cash payment if he would favor that vendor in the awarding of a contract. He advised he had, however, received cash payments and other gratuities from vendors but stated they were unsolicited. [redacted] denied that he was ever the instigator in the receipt of a gratuity and reiterated that he had never been paid any money by a vendor as a direct result of him awarding a purchase order to that vendor.

[redacted] stated that in addition to accepting money from vendors, he had also received money and other gratuities from [redacted] at NNS until he was terminated. He stated he did not know why [redacted] gave him money or gratuities other than the fact that [redacted] was his friend.

Investigation on 5/27/86 at Newport News, Virginia File # Norfolk 192B-50-178

by SA [redacted] Date dictated 7/11/86

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 09/02/2004

[redacted]
[redacted] was advised of the nature and the purpose of the interview. [redacted] was interviewed at [redacted] place of business, PREMIUM INGREDIENTS (PI), 285 East Fullerton Avenue, Carol Stream, Illinois, telephone number (630) 868-0309. Also present in the interview was [redacted] Attorney, Department of Justice Anti-Trust. [redacted] provided the following information:

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KANEKA of Japan, a producer of Coenzyme Q10 (CQ), is a sister company of SOFT GEL TECHNOLOGIES.

The price of CQ has risen sharply and the demand in the United States and Europe has increased. Even though the demand in the United States and Europe has increase the supply from the Japanese producers has decreased in the United States and Europe. The increased CQ production is being sold in Japan.

[redacted] believes that in the past several years, CQ producers in Japan are controlling the market by allocating customers among themselves. The customers of the Japanese producers must provide the names of the CQ buyers and the price the customers are charging their CQ buyers.

In the past ten to fifteen years, MAYPRO INDUSTRIES (MI) and CHEMCO have been the only large United States based distributors of CQ in the United States. CHEMCO buys CQ from KANEKA and NISSHIN PHARMA. MI buys CQ from MITSUBISHI GAS. MI and CHEMCO do not need to compete with each other. This is do to the fact that they quickly sell all of the CQ they purchase, since the demand is high. [redacted] does not believe that the distributors (MI and CHEMCO) are involved in the Japanese CQ price fixing and/or customer allocation. But, [redacted] believe that MI and CHEMCO know that the Japanese producers are allocating customers.

[redacted] knowledge of the CQ market is limited. [redacted] advised that [redacted] COMPOUND SOLUTIONS (CP) located near San Diego. CP imports and distributes products that include CQ. [redacted] has been buying and seller CQ for the past 15 years.

Investigation on 8/31/2004 at Carol Stream, Illinois

File # 60A-DL-80792 - 332 Date dictated 9/2/2004

by SA [redacted]

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Continuation of FD-302 of [REDACTED]

, On 8/31/2004 , Page 2

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[REDACTED] company previously purchased approximately 1500 to 2000 kilograms per year of CQ. Now, [REDACTED] company purchases very little CQ. [REDACTED] should be able to provide information to the FBI regarding the CQ market. [REDACTED] can be contacted at CP, telephone number [REDACTED]

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[REDACTED] is a former employee of KANEKA. [REDACTED] believes [REDACTED] worked for KANEKA from 1996 to 1998. [REDACTED] has knowledge of CQ market and may be willing to speak to the FBI. [REDACTED] currently works for DOW CHEMICAL and can be contacted at [REDACTED]

If [REDACTED] of MI, is contacted by the FBI regarding this matter, [REDACTED] would most likely call contacts in Japan. [REDACTED] has resided in the United States for the past 25 years. [REDACTED] helped establish GENERAL NUTRITION CENTER (GNC) of Japan. Do to this success, [REDACTED] was well thought of by MI of Japan and [REDACTED] was awarded [REDACTED] of MI in the United States.

[REDACTED] SOFT GEL TECHNOLOGIES, may be willing to speak to the FBI regarding CQ. [REDACTED] was the [REDACTED] for the Japanese company CHISSO, during the Department of Justice Anti-Trust case involving Potassium Sorbate. [REDACTED] somehow was able to demonstrate that CHISSO was not involved in a price fixing scheme, since CHISSO did not sell Potassium Sorbate directly in the United States.

[REDACTED] then provided information regarding alleged price fixing of Vitamin C in the United States by Chinese companies. There are four major Vitamin C Chinese producers. 1) HEBEI is owned by the Chinese government and is located in Shijiazhuang, China. 2) WEISHENG is a privately owned company also located in Shijiazhuang, China. 3) JIANGSU JIANGSHAN is owned by the Chinese government and is located in the Jiangsu province. 4) NORTHEAST GENERAL is a state government owned company [REDACTED] does not know at what local level of ownership) located in Shenyang, China. All four of these Chinese companies sell Vitamin C direct in the United States without the assistance of a distributor.

These four Chinese companies sell Vitamin C for \$5-\$6 per kilogram compared to the European company, DSM/LA ROCHE, which sells Vitamin C for \$7-\$8 per kilogram. Based on these price

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Continuation of FD-302 of [REDACTED], On 8/31/2004, Page 3

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differences, [REDACTED] does not believe there is price fixing of Vitamin C between the Chinese companies and DSM/LA ROCHE. But, [REDACTED] believes that there is price fixing between the four Chinese companies. The Chinese government is involved with these four Chinese companies in the price fixing of Vitamin C. These four Chinese companies have announced on numerous occasions that their price for Vitamin C is equal, and that all four companies have agreed upon these prices. These four Chinese companies have also agreed to shut down Vitamin C production during an agreed upon month. Each company will then warehouse an agreed upon number of tons of their Vitamin C product. During this month, these four companies will perform their yearly plant maintenance and they will sell Vitamin C from their warehouse supply. On occasion, one of these companies may not participate in this warehousing of Vitamin C. On occasion, [REDACTED] can buy Vitamin C from one of these Chinese companies at a lower price than the announced agreed upon price among the four companies. [REDACTED] can only obtain a lower price if [REDACTED] buys Vitamin C in a large volume. [REDACTED] purchases approximately 2500 metric tons of Vitamin C per year. The above mentioned pricing practices is a normal way of conducting business in China.

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The world production market for Vitamin C is approximately 180,000 metric tons.

From approximately November 2002 to February 2004, the Vitamin C market was a sellers market. Since February 2004, the market has been very volatile, but [REDACTED] believes that the market will soon turn to a buyers market.

The six largest Vitamin C buyers in the United States (which is 75% of the United States market) are as follows:

- 1) PI
- 2) HELM NEW YORK CHEMICAL
- 3) ASHLAND CHEMICAL
- 4) AMC CHEMICALS
- 5) BASF
- 6) UNIVAR USA

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Continuation of FD-302 of [REDACTED], On 01/18/2006, Page 3

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[REDACTED] believes that the following people may be able to provide assistance on this investigation:

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[REDACTED] works for KENKO and directly with [REDACTED] of KENKO. [REDACTED] handled the raw CQ orders from [REDACTED] speaks English, and resides in Japan. [REDACTED] attends the various vitamin trade shows in the United States.

[REDACTED] of METABOLISTIC MAINTAINCE (MM). MM produces hard shell capsules and most of MM's customers are Doctors. MM has attempted to purchase raw CQ. [REDACTED] is [REDACTED] for MM. MM's telephone number is [REDACTED] [REDACTED] resides in Sisters, Oregon and is semi-retired.

[REDACTED] of JARROW FORMULAS, buys raw CQ direct from KANEKA, instead of going through KENKO or CHEMCO. [REDACTED] has a contract with KANEKA. JARROW FORMULAS is a distributor of raw CQ and JARROW INDUSTRIES is the manufacture.

[REDACTED] of JARROW INDUSTRIES, previously worked at SGT in the Technologies Department.

The company VITA-TECH INTERNATIONAL, located in Tustin, California, may have purchased raw CQ.

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worked in the marketing department of raw material at CHEMCO until 2002. [REDACTED] at BOTANICALS NUTRACEUTICALS, located in Long Beach, California.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 01/24/2006

[redacted] was advised of the identity of the interviewing agent and the purpose of the interview. Also present in the interview was Department of Justice Anti-Trust Attorney [redacted] was interviewed at [redacted] place of employment, MERICAL VITA PAK(MVP), 2995 East Miraloma Avenue, Anaheim, California, telephone number (714) 238-7248. [redacted] provided the following information:

[redacted] at MVP and manages the account of TRADER JOE. TRADER JOE is a very large and important account of MVP. MVP is a health food packaging company.

[redacted] has been in the health food industry since 1986. From [redacted] worked for MK HEALTH CARE DISTRIBUTOR (MKHD), a branded distributor of NATURES LIFE. In or around 2002, [redacted] for SOFT GEL TECHNOLOGIES (SGT), located in Los Angeles. [redacted] worked under [redacted] of SGT. In 2004, [redacted] resigned from SGT and began working for JARROW INDUSTRIES located in Santa Fe Springs, California. [redacted] left SGT on good terms. Due to [redacted] limited job duties at JARROW INDUSTRIES, [redacted] resigned and began working at MVP in September 2005.

While at SGT, [redacted] purchased raw Coenzyme Q10 (CQ), fish oil, vegetable oil, and miscellaneous vitamin products. [redacted] was involved in the purchase of these products, but mainly in the purchase of CQ. [redacted] did not obtain the pricing for raw CQ, [redacted] handled this.

While working for SGT, [redacted] also had an office at CHEMCO, which is a sister company of SGT. CHEMCO is located next to SGT. KENKO is the parent company of CHEMCO and is located in Japan. KANEKA produces raw CQ and is also located in Japan. [redacted] is close with the owners and management at KANEKA. KENKO buys the raw CQ from KANEKA and CHEMCO buys the raw CQ from KENKO. CHEMCO then sells the raw CQ to SGT. Using the raw CQ, SGT produces the CQ into a capsule. These capsules are then sold to retail stores such as NATURES BOUNTY, GENERAL NUTRITION CENTERS (GNC), BANNER and others. KENKO also buys raw CQ from NISSHIN PHARMA, another raw CQ producer. Raw CQ is either produced by the "natural process" or

Investigation on 01/18/2006 at Anaheim, California

File # 60-DL-103088 -26

Date dictated 01/24/2006

by SA [redacted]

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Continuation of FD-302 of _____, On 01/18/2006, Page 2

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the "synthetic" process. KANEKA uses the natural process and believes the synthetic is inferior.

Since _____ handled the pricing of raw CQ for CHEMCO, _____ just received faxes from KENKO with the listed amount of raw CQ and the price. CHEMCO would receive a shipment of raw CQ from KENKO usually monthly. While at SGT, the price of raw CQ increased rapidly. _____ did not know why the raw CQ price increased at such a high rate. _____ believes the price of raw CQ increased from under \$1000 a kilogram, to between \$4000 and \$5000 a kilogram, in a short period of time. KANEKA usually stated that there were production problems or some other reason for this increase, but no one seemed to believe KANEKA. KANEKA planned to open a KANEKA plant in the United States, but this was delayed. _____ does not know if this new KANEKA plant has opened.

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_____ knew that CHEMCO sold raw CQ to other companies or distributors, but _____ did not know who these customers were. This was due to _____ working as a _____ versus a _____. Since _____ resigned in 2004, _____ did not know if CHEMCO had stopped selling raw CQ to other companies and distributors. On one occasion, _____ heard that a distributor for CHEMCO tried to resale the raw CQ and KANEKA was upset. KANEKA and the other three raw CQ producers try to control the raw CQ market. _____ also knows that KANEKA tracks the lot numbers of KANEKA's raw CQ sold to Japanese distributors in Japan. KANEKA is strict on where KANEKA's raw CQ is bought and sold.

_____ has no knowledge of the four producers or distributors of raw CQ engaging in some type of price fixing and or market allocation. Even though _____ has close ties to KENKO in Japan, _____ does not think _____ would be involved in any type of illegal pricing scheme or market allocation. If _____ is approached by the FBI in this matter, _____ will contact KENKO in Japan. _____ believes that in or around 2000, a Chinese company(s) has began the production of raw CQ. But, this Chinese company(s) has failed to pass the United States Pharmacopeia Standards.

_____ at SGT and _____ resigned in or around 2002. _____ reported to _____ believes _____ may be working at BOTANICAL NUTRACEUTICALS in Long Beach, California.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/11/2005

[redacted] of HEALTH ON WHEELS, 1187 Coast Village Road, Suite 1, Santa Barbara, California, telephone number (805) 689-6548, was contacted telephonically and advised of the identity of the interviewing agent and the purpose of the telephone call (agent contacted [redacted] to set up an interview). [redacted] provided the following information:

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[redacted] worked for the Japanese company, CHEMCO from [redacted] [redacted] worked in the department that handled raw material sales, which included Coenzyme Q10 (CQ) raw material. CHEMCO is a CQ distributor for KANEKA. KANEKA, located in Japan, is a major CQ producer. While at CHEMCO, CHEMCO received large allotments of CQ from KANEKA. KANEKA controlled the CQ raw material price that CHEMCO could charge CHEMCO customers. If CHEMCO wanted to discount a CQ price greater than normal, CHEMCO had to obtain approval from KANEKA. [redacted] of SOFT GEL TECHNOLOGIES (SGT), would contact KANEKA to obtain this approval. SGT would produce the CQ pill/tablet from raw CQ, SGT purchased from CHEMCO. SGT and CHEMCO worked closely together. [redacted] had close ties with management at KANEKA. [redacted] is a very difficult person to work for.

[redacted] believes that the Japanese companies that produce CQ, control the CQ world market. These Japanese companies purposely slow down CQ production to drive up the CQ price. The sale of CQ in Japan is controlled more by these Japanese CQ producers. In the 1990's, the price for raw CQ was approximately \$2300 per kilogram. Now, [redacted] believes the price for raw CQ is approximately \$5000 per kilogram. [redacted] could not provide information regarding competition between the Japanese CQ producers involved in the sale of CQ in the United States. The following individuals might be able to provide information relevant to this investigation:

[redacted] former employee of CHEMCO, resides in the Los Angeles area worked for CHEMCO from [redacted] [redacted] could provide information on [redacted] and possible on the pricing of CQ. [redacted] had no contact information on [redacted] worked for SGT in the late 1990's. [redacted] left SGT in 2000 or later. [redacted] may be working for BEST FORMULATIONS located in City of Industry, California. [redacted] worked with [redacted] and knows KANEKA management in Japan. [redacted]

Investigation on 10/05/2005 at _____ (telephonically)File # 60A-DL-103088 -19 Date dictated 10/11/2005

by SA [redacted]

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FD-302 (Rev. 10/16/2009)

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09/28/2011

Continuation of FD-302 of 302, On 08/31/2011

Signatures

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FEDERAL BUREAU OF INVESTIGATION

~~(SN)~~ 60-NK-118621

[REDACTED] 302

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b7DPrimary Case Number: ~~(SN)~~ 60-NK-118621

Serial: 18

Drafted By:

[REDACTED]

Date Drafted:

09/28/2011

Approved By:

[REDACTED]

Date Approved:

10/03/2011

Investigation Conducted By

[REDACTED]

Date(s) of Investigation:

08/31/2011

Contact Type(s):

In Person

Location of Investigation:

Woodland Park, NJ, NJ
USA

Document Details

Topic:

[REDACTED]

302

Details:

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[REDACTED] was interviewed at the Federal Bureau of Investigation (FBI) offices located in Woodland Park, NJ. Present for the interview was [REDACTED] Trial Attorney, United States Department of Justice (DOJ) Antitrust Division (AD) and [REDACTED] defense counsel. After being made aware of the interviewing parties, [REDACTED] provided the following information:

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FEDERAL BUREAU OF INVESTIGATION

Date of entry 08/01/2012

[REDACTED]

[REDACTED] was interviewed at the Federal Bureau of Investigation (FBI) offices located in Woodland Park, NJ. Present for the interview was [REDACTED] Attorney, and [REDACTED] Attorney, United States Department of Justice (DOJ) Antitrust Division (AD) and [REDACTED] defense counsel. After being made aware of the identities of the interviewing parties, [REDACTED] provided the following information:

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[REDACTED]

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b7DInvestigation on 02/23/2012 at Woodland Park, New Jersey, United States (In Person)File # 60-NK-118621 - 22 Date drafted 03/08/2012

by [REDACTED]

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